

June 30, 2006

In the Matter of the 2006/2007 Annual Compliance Filing
For an Increase in the Statewide
Electric and Gas Permanent Universal Service Fund Program
Factors within the Electric and Gas Societal Benefits
Charges Rates Pursuant to *N.J.S.A. 48:2-21* and
N.J.S.A. 48:-21.1 – Public Service Electric and Gas Company

BPU Docket No. EX00020091

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Dear Secretary Izzo:

Kindly accept for filing in letter form an original and ten (10) copies of Public Service Electric and Gas Company's (Public Service, the Company) 2006/2007 compliance filing requesting an increase in its statewide Permanent Universal Service Fund (USF) program factor for gas and a decrease for its statewide electric USF program factor within its Electric and Gas Societal Benefits Charges (SBC) in compliance with the New Jersey Board of Public Utilities' (Board) Orders dated April 30, 2003, July 16, 2003, June 30, 2004 and June 22, 2005 under the above-referenced docket number. Additionally there is a proposed increase in the Lifeline program factor for gas and a decrease for the electric Lifeline program factor within its Electric and Gas SBC.

By way of background, at its June 18, 2003 Agenda meeting, the Board established a statewide program through which funds for the USF program are collected from customers of all of the electric and natural gas distribution public utilities operating in the State through uniform electric and gas rates, which rates first became effective on August 1, 2003. The Board ordered that the statewide electric and gas rates were initially set to recover a total statewide USF budget of \$33 million.

In the 2004/2005 annual USF compliance filings made on April 1, 2004, the electric and natural gas distribution utilities filed for increases for their respective USF/Lifeline rates. On June 30, 2004, the Board approved the electric and natural gas utilities requests and set rates to recover approximately \$113 million. Thus, effective July 1, 2004, the total statewide, combined USF/Lifeline rates with New Jersey Sales and Use Tax (SUT) became \$0.001656/kwh and \$0.0136/therm for electric and gas, respectively.

In the 2005/2006 annual USF compliance filings made on April 1, 2005, no rate change was requested by any of the electric and natural gas distribution utilities for the USF/Lifeline rates. As a result, in their June 22, 2005 Order the Board approved the continuation of the then current statewide USF/Lifeline program factors for electric and natural gas customers within the SBC for all the New Jersey electric and natural gas distribution utilities. The Board also modified the annual USF/Lifeline compliance filing date and rate effective date from April 1st and July 1st of each year to July 1st and October 1st of each year, respectively.

Based upon the results known to date for the 2005/2006 USF program year and the available estimates for the 2006/2007 USF program year, it is proposed that the statewide USF rates should be set to recover \$156.4 million on a statewide basis. The details for the recovery of the \$156.4 million statewide are set forth on the template appended hereto as Attachment A. Additionally, the calculation supporting the recovery of \$72.0 million for the State's Lifeline program consistent with the Board's July 16, 2003 order in Docket No. EX00020091 are set forth on the template appended hereto as Attachment A.

Public Service anticipates that each of the State's electric public utilities will also be making a compliance filing under the above-referenced docket number, proposing to decrease their respective electric USF/Lifeline program factors to the same proposed statewide electric USF/Lifeline program factor proposed herein. Similarly, Public Service anticipates that each of the State's natural gas public utilities will also be making a compliance filing to increase their gas USF/Lifeline program factors to the same proposed statewide gas USF/Lifeline factor proposed herein.

In accordance with the Board's above-referenced Orders, Public Service has appended hereto a form of Notice of Filing and of Public Hearings as Attachment B. This form of notice sets forth the requested changes and will be placed in newspapers having a circulation within the Company's electric and gas service territories, and notice of this filing will be served on the County Executives and Clerks of all municipalities within the

Company's electric and gas service territories upon the receipt, scheduling and publication of hearing dates.

In addition, Public Service has appended proposed electric and gas tariff sheets, effective October 1, 2006, Attachment C, proposing to decrease its electric USF program factor from 0.0892 cents per kWh (0.0946 cents per kWh including SUT) to 0.0601 cents per kWh (0.0637 cents per kWh including SUT) and to increase its gas USF program factor from 0.88 cents per therm (0.93 cents per therm including SUT) to 2.16 cents per therm (2.29 cents per therm including SUT). Those proposed rates are designed to recover the above-referenced 2006/2007 statewide total USF budget.

Furthermore, these proposed electric and gas tariff sheets also incorporate a decrease in the electric Lifeline program factor from 0.0670 cents per kWh (0.0710 cents per kWh including SUT) to 0.0636 cents per kWh (0.0674 cents per kWh including SUT) and to increase its gas Lifeline program factors from 0.41 cents per therm (0.43 cents per therm including SUT) to 0.43 cents per therm (0.46 cents per therm including SUT). Those proposed rates are designed to recover the above-referenced 2006/2007 statewide total Lifeline budget.

Under the above referenced USF/Lifeline rate results shown in the attached template, Public Service's class average residential electric customer would experience a decrease in their bills of approximately \$2.36 on an annual basis and class average residential gas customers would experience an increase in their bills of approximately \$17.24 on an annual basis. Residential customer annual bills comparing the current and proposed USF/Lifeline charges are included in Attachment D for the aforementioned class average customer as well as other typical customer usage patterns.

The attached template provided as Attachment A was developed based upon USF experience to date. Actual results regarding USF expenditures and recoveries could be significantly affected by program changes, participation rates, and/or jurisdictional throughput. If changed circumstances indicate that, an increase of \$5 million or more to the natural gas statewide budget or the electric statewide budget of \$5 million or more, would be necessary to avoid developing an underrecovery at the end of the recovery year, Public Service respectfully requests the authority to initiate a self-implementing increase in the applicable USF program factor to recover the additional costs. Such increase would only be done upon providing ten (10) days notice to the Board and the Division of the Ratepayer Advocate and would be coordinated with the other utilities in order to maintain a statewide rate. Any such increases would be included in the reconciliation in the

Company's next scheduled annual USF Compliance Filing to be made on or before July 1, 2007.

WHEREFORE, Public Service requests that the Board issue an Order: 1.) approving implementation of its proposed statewide electric and gas USF/Lifeline rates as contained in the proposed tariff sheets appended hereto as Attachment C effective for electric and gas service rendered on and after October 1, 2006 as provided for in the Board's above-referenced July 16, 2003 and June 22, 2005 Orders and 2.) authorizing the self-implementation provisions as set forth above.

Respectfully submitted,

C Attached Service List

USF 2006-2007

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USF 2006-2007

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Combined USF/Lifeline calculation of rates as of 10/1/06

	<u>Gas</u>	<u>Electric</u>
<u>Combined After-Tax Rate Impact</u>		
Current USF rate	\$0.0093	\$0.000946
Current Lifeline rate	<u>\$0.0043</u>	<u>\$0.000710</u>
Total Current USF factor	\$0.0136	\$0.001656
New USF rate	\$0.0229	\$0.000637
New Lifeline rate	<u>\$0.0046</u>	<u>\$0.000674</u>
Total New USF factor	\$0.0275	\$0.001311
Total USF factor increase/(decrease)	\$0.0139	(\$0.000345)

SUMMARY

Lifeline calculation of rates as of 10/1/06

		<u>Gas</u>	<u>Electric</u>	<u>Total</u>
Jurisdictional Revenue Percentages		30.000%	70.000%	100.000%
Lifeline budget	n	\$21,600,000	\$50,400,000	\$72,000,000
Projected Volumes	g	5,035,792,429	79,183,193,000	(normalized jurisdictional volumes for 12 mos beginning 10/1/06)
New rate, before tax	o=n/g	\$0.0043	\$0.000636	
Current before tax rate	p	<u>\$0.0041</u>	<u>\$0.000670</u>	
Pre-tax Increase/(Decrease)	q=o-p	\$0.0002	(\$0.000034)	
New Rate, after tax	r=o*1.06	\$0.0046	\$0.000674	
Current Rate, after-tax	s=p*1.06	<u>\$0.0043</u>	<u>\$0.000710</u>	
After-tax Increase/(Decrease)	t=r-s	\$0.0003	(\$0.000036)	

LIFELINE RATE

USF calculation of rates as of 10/1/06

		<u>Gas</u> 54.982%	<u>Electric</u> 45.018%	<u>Total</u> 100.000%	(based on estimate of benefits)
USF-Permanent program projections for Program Year 2006					
admin costs-DHS	a	\$1,649,452	\$1,350,548	\$3,000,000	
admin costs-utility (postage/mailing)	b	\$86,261	\$70,582	\$156,843	
estimate of benefits for next program year	c	\$62,147,590	\$50,885,593	\$113,033,183	
Est. program u/r @ 9/30/06*	d	\$38,779,448	(\$11,041,386)	\$27,738,062	
Fresh Start Program	e	\$6,133,549	\$6,350,880	\$12,484,429	
Total	f=a+b+c+d+e	<u>\$108,796,299</u>	<u>\$47,616,217</u>	<u>\$156,412,516</u>	
Projected Volumes	g	5,035,792,429	79,183,193,000		(normalized jurisdictional volumes for 12 mos beginning 10/1/06)
New rate, before tax	h=f/g	\$0.0216	\$0.000601		
Current before tax rate	i	<u>\$0.0088</u>	<u>\$0.000892</u>		
Before tax Increase/(Decrease)	j=h-i	\$0.0128	(\$0.000291)		
New Rate, after tax	k=h*1.06	\$0.0229	\$0.000637		
Current Rate, after tax	l=i*1.06	<u>\$0.0093</u>	<u>\$0.000946</u>		
After tax Increase/(Decrease)	m=k-l	\$0.0136	(\$0.000309)		

* Actuals through April 2006. Estimated underrecovery is calculated as the difference between the USF expenditures (benefits to customers, FSP costs, administrative costs and SBC carrying costs) and the amounts received from the Clearinghouse. See (Projected Underrecovery by Utility-Gas) and (Projected Underrecovery by Utility-Electric) for each company's underrecovery position.

Projected Underrecovery by Utility-Gas

			July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
In summary																		
Amt. received from Clearinghouse			\$1,856,761	\$1,802,546	\$1,833,479	\$1,768,828	\$1,917,188	\$3,111,516	\$5,545,790	\$6,026,210	\$5,586,014	\$5,491,232	\$3,328,692	\$2,695,925	\$1,886,250	\$1,743,231	\$1,624,274	\$46,217,935
USF benefit expenditures			\$5,448,780	\$4,326,509	\$3,442,355	\$3,066,425	\$3,114,877	\$3,702,515	\$3,850,278	\$3,784,660	\$7,812,722	\$6,468,817	\$5,010,266	\$5,250,966	\$5,224,566	\$5,194,866	\$5,178,966	\$70,877,568
Fresh Start expenditures			\$986,410	\$645,583	\$1,106,740	\$466,655	\$429,242	\$471,356	\$472,123	\$439,958	\$470,833	\$486,156	\$473,629	\$511,129	\$511,129	\$511,129	\$511,129	\$8,493,200
Administrative costs-postage/mailing			\$10,063	\$6,582	\$5,171	\$10,363	\$7,061	\$2,090	\$3,397	\$6,662	\$6,276	\$3,350	\$5,049	\$5,049	\$5,049	\$5,049	\$5,049	\$86,261
SBC carrying costs			\$82,036	\$30,337	\$39,546	\$45,905	\$50,800	\$54,596	\$54,307	\$49,960	\$50,731	\$57,290	\$62,797	\$69,494	\$78,875	\$89,518	\$100,442	\$916,635
Total program costs-direct utilities			\$6,527,289	\$5,009,010	\$4,593,813	\$3,589,347	\$3,601,980	\$4,230,558	\$4,380,105	\$4,281,239	\$8,340,563	\$7,015,613	\$5,551,741	\$5,836,638	\$5,819,619	\$5,800,563	\$5,795,586	\$80,373,664
Other administrative costs (DHS,BPU)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total program costs			\$6,527,289	\$5,009,010	\$4,593,813	\$3,589,347	\$3,601,980	\$4,230,558	\$4,380,105	\$4,281,239	\$8,340,563	\$7,015,613	\$5,551,741	\$5,836,638	\$5,819,619	\$5,800,563	\$5,795,586	\$80,373,664
Est. Under/(Over)Recovery position	Beg.U/R	\$4,623,719	\$9,294,247	\$12,500,710	\$15,261,044	\$17,081,563	\$18,766,355	\$19,885,397	\$18,719,713	\$16,974,742	\$19,729,291	\$21,253,671	\$23,476,721	\$26,617,434	\$30,550,803	\$34,608,135	\$38,779,448	\$38,779,448

By Company

NJNG

Amt. received from Clearinghouse			\$337,757	\$172,004	\$269,048	\$261,482	\$287,026	\$498,315	\$820,423	\$871,172	\$712,808	\$664,578	\$582,664	\$317,824	\$211,635	\$196,489	\$184,033	\$6,387,259
USF benefit expenditures			\$611,734	\$676,922	\$546,213	\$480,756	\$523,669	\$567,402	\$588,410	\$507,773	\$966,942	\$1,191,672	\$615,500	\$615,500	\$615,500	\$615,500	\$615,500	\$9,738,993
Fresh Start expenditures			\$63,234	\$105,080	\$126,269	\$48,189	\$43,928	\$49,959	\$36,453	\$31,313	\$35,578	\$25,746	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000	\$720,749
Administrative costs-postage/mailing			\$3,951	\$2,021	\$2,429	\$1,727	\$1,004	\$751	\$474	\$569	\$742	\$383	\$565	\$565	\$565	\$565	\$565	\$16,875
Total program costs-direct utilities			\$678,918	\$784,022	\$674,911	\$530,673	\$568,601	\$618,112	\$625,337	\$539,655	\$1,003,262	\$1,217,801	\$647,065	\$647,065	\$647,065	\$647,065	\$647,065	\$10,476,617
Monthly Under/(Over)recovery			\$341,161	\$612,018	\$405,863	\$269,191	\$281,574	\$119,797	(\$195,086)	(\$331,517)	\$290,454	\$553,223	\$64,401	\$329,241	\$435,430	\$450,576	\$463,032	\$4,089,358
Cumulative Underrecovery excl. interest	Beg.U/R	\$1,109,920	\$1,451,081	\$2,063,099	\$2,468,962	\$2,738,153	\$3,019,727	\$3,139,524	\$2,944,438	\$2,612,921	\$2,903,375	\$3,456,598	\$3,520,999	\$3,850,240	\$4,285,670	\$4,736,246	\$5,199,278	\$5,199,278
SBC carrying costs	09/01/04	4.36%	\$4,652	\$6,384	\$8,554	\$9,828	\$10,868	\$11,626	\$11,483	\$10,490	\$10,412	\$12,004	\$13,170	\$13,913	\$15,357	\$17,029	\$18,753	\$174,524
	09/01/05	4.53%																
	09/01/06	4.53%																
Underrecovery and Interest Balance			\$1,455,733	\$2,074,135	\$2,488,553	\$2,767,572	\$3,060,015	\$3,191,437	\$3,007,834	\$2,686,807	\$2,987,673	\$3,552,900	\$3,630,471	\$3,973,625	\$4,424,412	\$4,892,017	\$5,373,802	\$5,373,802

SJG

Amt. received from Clearinghouse			\$285,695	\$257,157	\$351,885	\$233,016	\$257,569	\$404,666	\$704,501	\$761,256	\$725,371	\$371,696	\$813,445	\$358,235	\$209,311	\$186,307	\$166,043	\$6,086,153
USF benefit expenditures			\$891,301	\$589,787	\$586,028	\$463,963	\$449,320	\$488,863	\$521,135	\$519,617	\$533,993	\$1,671,349	\$700,400	\$611,100	\$584,700	\$555,000	\$539,100	\$9,705,658
Fresh Start expenditures			\$23,872	\$75,974	\$13,245	\$10,696	\$11,609	\$41,982	\$24,889	\$28,970	\$26,712	\$28,265	\$28,300	\$28,300	\$28,300	\$28,300	\$28,300	\$427,713
Administrative costs-postage/mailing			\$2,209	\$1,227	\$1,001	\$1,267	\$393	\$391	\$717	\$553	\$643	\$746	\$750	\$750	\$750	\$750	\$750	\$12,896
Total program costs-direct utilities			\$917,381	\$666,988	\$600,275	\$475,926	\$461,321	\$531,237	\$546,742	\$549,140	\$561,349	\$1,700,359	\$729,450	\$640,150	\$613,750	\$584,050	\$568,150	\$10,146,267
Monthly Under/(Over)recovery			\$631,686	\$409,831	\$248,390	\$242,910	\$203,752	\$126,571	(\$157,760)	(\$212,116)	(\$164,023)	\$1,328,663	(\$83,995)	\$281,915	\$404,439	\$397,743	\$402,107	\$4,060,114
Cumulative Underrecovery excl. interest	Beg.U/R	\$341,030	\$972,716	\$1,382,547	\$1,630,936	\$1,873,847	\$2,077,599	\$2,204,170	\$2,046,410	\$1,834,294	\$1,670,271	\$2,998,935	\$2,914,939	\$3,196,855	\$3,601,294	\$3,999,037	\$4,401,144	\$4,401,144
SBC carrying costs	09/01/04	4.36%	\$67,835	\$4,396	\$5,932	\$6,860	\$7,703	\$8,326	\$8,267	\$7,569	\$6,859	\$9,058	\$11,162	\$11,536	\$12,832	\$14,346	\$15,855	\$198,536
	09/01/05	4.53%																
	09/01/06	4.53%																
Underrecovery and Interest Balance			\$1,040,551	\$1,454,778	\$1,709,099	\$1,958,870	\$2,170,325	\$2,305,222	\$2,155,729	\$1,951,182	\$1,794,018	\$3,131,740	\$3,058,907	\$3,352,358	\$3,769,629	\$4,181,717	\$4,599,680	\$4,599,680

Projected Underrecovery by Utility-Gas

			July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
PSE&G-gas																		
Amt. received from Clearinghouse			\$1,052,430	\$1,236,260	\$1,085,923	\$1,119,770	\$1,181,226	\$1,913,051	\$3,524,781	\$3,872,170	\$3,712,866	\$4,001,775	\$1,645,943	\$1,806,658	\$1,323,332	\$1,228,624	\$1,150,742	\$29,855,551
USF benefit expenditures			\$3,474,036	\$2,722,765	\$1,968,483	\$1,820,742	\$1,845,758	\$2,312,107	\$2,402,690	\$2,433,978	\$5,673,677	\$3,043,198	\$3,300,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$45,517,434
Fresh Start expenditures			\$847,759	\$433,527	\$911,356	\$356,073	\$333,270	\$340,259	\$374,689	\$374,006	\$363,023	\$395,838	\$375,000	\$412,500	\$412,500	\$412,500	\$412,500	\$6,754,800
Administrative costs-postage/mailing *			\$3,413	\$2,872	\$1,741	\$7,160	\$5,339	\$566	\$1,205	\$5,265	\$3,689	\$2,221	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$49,971
Total program costs-direct utilities			\$4,325,208	\$3,159,164	\$2,881,580	\$2,183,975	\$2,184,367	\$2,652,932	\$2,778,584	\$2,813,249	\$6,040,389	\$3,441,257	\$3,678,300	\$4,045,800	\$4,045,800	\$4,045,800	\$4,045,800	\$52,322,205
Monthly Under/(Over)recovery			\$3,272,778	\$1,922,904	\$1,795,657	\$1,064,205	\$1,003,141	\$739,881	(\$746,197)	(\$1,058,921)	\$2,327,523	(\$560,518)	\$2,032,357	\$2,239,142	\$2,722,468	\$2,817,176	\$2,895,058	\$22,466,654
Cumulative Underrecovery excl. interest SBC carrying costs	Beg.U/R	\$2,581,801	\$5,854,579	\$7,912,403	\$9,708,060	\$10,772,265	\$11,775,406	\$12,515,287	\$11,769,090	\$10,710,169	\$13,037,692	\$12,477,174	\$14,509,531	\$16,748,673	\$19,471,140	\$22,288,317	\$25,183,375	\$25,183,375
	Beg.bal	\$134,920	\$6,778	\$15,743	\$20,150	\$23,421	\$25,785	\$27,778	\$27,771	\$25,707	\$27,157	\$29,178	\$30,861	\$35,746	\$41,420	\$47,755	\$54,287	\$439,536
	08/01/05 08/01/06	4.64% 4.64%																
Underrecovery and Interest Balance			\$5,861,357	\$7,934,925	\$9,750,732	\$10,838,357	\$11,867,283	\$12,634,942	\$11,916,516	\$10,883,302	\$13,237,982	\$12,706,642	\$14,769,860	\$17,044,747	\$19,808,635	\$22,673,566	\$25,622,911	\$25,622,911
ETG																		
Amt. received from Clearinghouse			\$180,879	\$137,125	\$126,623	\$154,560	\$191,367	\$295,484	\$496,084	\$521,611	\$434,968	\$453,183	\$286,640	\$213,208	\$141,972	\$131,811	\$123,456	\$3,888,972
USF benefit expenditures			\$471,710	\$337,035	\$341,631	\$300,963	\$296,131	\$334,143	\$338,043	\$323,292	\$638,110	\$562,598	\$394,366	\$394,366	\$394,366	\$394,366	\$394,366	\$5,915,483
Fresh Start expenditures			\$51,546	\$31,002	\$55,870	\$51,697	\$40,435	\$39,156	\$36,092	\$5,668	\$45,520	\$36,307	\$39,329	\$39,329	\$39,329	\$39,329	\$39,329	\$589,938
Administrative costs-postage/mailing**			\$490	\$462	\$0	\$209	\$325	\$382	\$1,001	\$275	\$1,202	\$0	\$435	\$435	\$435	\$435	\$435	\$6,519
Total program costs-direct utilities			\$523,746	\$368,499	\$397,501	\$352,869	\$336,891	\$373,681	\$375,135	\$329,235	\$684,832	\$598,905	\$434,129	\$434,129	\$434,129	\$434,129	\$434,129	\$6,511,940
Monthly Under/(Over)recovery			\$342,867	\$231,374	\$270,877	\$198,308	\$145,524	\$78,197	(\$120,949)	(\$192,376)	\$249,863	\$145,722	\$147,490	\$220,922	\$292,157	\$302,318	\$310,673	\$2,622,967
Cumulative Underrecovery excl. interest SBC carrying costs	Beg.U/R	\$590,969	\$933,835	\$1,165,209	\$1,436,087	\$1,634,395	\$1,779,919	\$1,858,116	\$1,737,167	\$1,544,791	\$1,794,654	\$1,940,376	\$2,087,866	\$2,308,787	\$2,600,945	\$2,903,262	\$3,213,936	\$3,213,936
	09/01/04	4.36%	\$2,770	\$3,813	\$4,910	\$5,796	\$6,445	\$6,867	\$6,786	\$6,195	\$6,303	\$7,050	\$7,603	\$8,299	\$9,267	\$10,389	\$11,546	\$104,038
	09/01/05 09/01/06	4.53% 4.53%																
Underrecovery and Interest Balance			\$936,606	\$1,171,793	\$1,447,580	\$1,651,684	\$1,803,653	\$1,888,716	\$1,774,553	\$1,588,372	\$1,844,539	\$1,997,310	\$2,152,403	\$2,381,623	\$2,683,048	\$2,995,755	\$3,317,974	\$3,317,974

Total , Gas Remittances to Clearinghouse based on projected sales May 06 - Sept 06 paid out to Utilities in following month see sheets "Gas Clrh Pmts and " \$ Transfer from the ClrH " .

* PSE&G actual administrative costs incurred as of 4/06 not included in above are \$687,567.

** ETG actual administrative costs incurred as of 3/06 not included in above are \$60,697.

Projected Underrecovery by Utility-Electric

			Projected Interest Rate	July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
In summary																			
Amt. received from Clearinghouse				\$5,658,317	\$7,018,163	\$7,577,212	\$6,965,140	\$5,735,353	\$5,088,813	\$5,745,206	\$5,870,531	\$5,402,332	\$5,438,988	\$5,180,861	\$5,006,901	\$5,584,545	\$6,883,700	\$7,087,122	\$90,243,183
USF benefit expenditures				\$6,105,571	\$4,568,569	\$4,015,397	\$3,536,936	\$3,512,054	\$4,066,216	\$4,276,586	\$2,974,383	\$5,481,201	\$3,310,269	\$4,020,466	\$4,240,466	\$4,240,466	\$4,240,466	\$4,240,466	\$62,829,514
Fresh Start expenditures				\$955,373	\$663,593	\$938,437	\$467,193	\$496,949	\$419,738	\$511,466	\$513,138	\$509,306	\$540,897	\$499,240	\$529,240	\$529,240	\$529,240	\$529,240	\$8,632,289
Administrative costs-postage/mailing only				\$2,471	\$2,079	\$4,235	\$5,185	\$3,909	\$5,891	\$924	\$3,995	\$3,299	\$5,534	\$2,509	\$20,324	\$3,409	\$3,409	\$3,409	\$70,582
SBC carrying costs				\$12,577	\$17,341	\$12,877	\$7,039	\$1,815	(\$786)	(\$2,687)	(\$6,881)	(\$9,148)	(\$10,600)	(\$12,089)	(\$13,092)	(\$14,301)	(\$17,719)	(\$22,893)	(\$58,548)
Total program costs-direct utilities				\$7,075,993	\$5,251,582	\$4,970,946	\$4,016,352	\$4,014,728	\$4,491,059	\$4,786,288	\$3,484,635	\$5,984,659	\$3,846,101	\$4,510,126	\$4,776,938	\$4,758,814	\$4,755,396	\$4,750,222	\$71,473,838
Other administrative costs (DHS,BPU)				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total program costs				\$7,075,993	\$5,251,582	\$4,970,946	\$4,016,352	\$4,014,728	\$4,491,059	\$4,786,288	\$3,484,635	\$5,984,659	\$3,846,101	\$4,510,126	\$4,776,938	\$4,758,814	\$4,755,396	\$4,750,222	\$71,473,838
Estimated Recovery position	Beg.U/R	\$7,727,960	\$9,145,635	\$7,379,055	\$4,772,789	\$1,824,001	\$103,376	(\$494,379)	(\$1,453,297)	(\$3,839,193)	(\$3,256,865)	(\$4,849,752)	(\$5,520,487)	(\$5,750,451)	(\$6,576,182)	(\$8,704,486)	(\$11,041,386)	(\$11,041,386)	
By Company																			
PSE&G- electric																			
Amt. received from Clearinghouse				\$2,432,379	\$4,849,256	\$4,226,949	\$4,247,010	\$2,732,946	\$2,420,164	\$2,966,701	\$3,009,393	\$3,742,429	\$2,211,577	\$3,655,561	\$2,769,484	\$3,219,800	\$3,968,834	\$4,086,119	\$50,538,602
USF benefit expenditures				\$4,173,873	\$2,556,755	\$2,209,476	\$1,641,970	\$1,629,412	\$2,047,760	\$2,158,094	\$2,122,095	\$2,155,033	\$2,386,318	\$2,200,000	\$2,420,000	\$2,420,000	\$2,420,000	\$2,420,000	\$34,960,786
Fresh Start expenditures				\$666,096	\$362,008	\$811,135	\$266,669	\$277,846	\$268,690	\$296,391	\$293,862	\$285,232	\$331,025	\$300,000	\$330,000	\$330,000	\$330,000	\$330,000	\$5,478,954
Administrative costs-postage/mailing *				\$2,471	\$2,079	\$1,260	\$5,185	\$3,866	\$410	\$873	\$3,813	\$2,672	\$1,608	\$1,200	\$2,100	\$2,100	\$2,100	\$2,100	\$33,837
Total program costs-direct utilities				\$4,842,440	\$2,920,842	\$3,021,871	\$1,913,824	\$1,911,124	\$2,316,860	\$2,455,358	\$2,419,770	\$2,442,937	\$2,718,951	\$2,501,200	\$2,752,100	\$2,752,100	\$2,752,100	\$2,752,100	\$40,473,577
Monthly Under/(Over)recovery				\$2,410,061	(\$1,928,414)	(\$1,205,078)	(\$2,333,186)	(\$821,822)	(\$103,304)	(\$511,343)	(\$589,623)	(\$1,299,492)	\$507,374	(\$1,154,361)	(\$17,384)	(\$467,700)	(\$1,216,734)	(\$1,334,019)	(\$10,065,025)
Cumulative Underrecovery excl. interest	Beg.U/R	\$5,241,470	\$7,651,531	\$5,877,241	\$4,672,163	\$2,338,977	\$1,517,155	\$1,413,851	\$902,508	\$312,885	(\$986,607)	(\$479,233)	(\$1,633,594)	(\$1,650,978)	(\$2,118,678)	(\$3,335,413)	(\$4,669,431)	(\$4,669,431)	
SBC carrying costs	Beg.bal	\$154,124	\$10,359	\$15,471	\$12,064	\$8,018	\$4,410	\$3,352	\$2,649	\$1,390	(\$770)	(\$1,676)	(\$2,416)	(\$3,756)	(\$4,311)	(\$6,237)	(\$9,154)	\$29,391	
	08/01/05	4.64%																	
	08/01/06	4.64%																	
Underrecovery and Interest Balance				\$7,661,890	\$5,903,071	\$4,710,057	\$2,384,889	\$1,567,476	\$1,467,524	\$958,830	\$370,597	(\$929,665)	(\$423,968)	(\$1,580,745)	(\$1,601,885)	(\$2,073,896)	(\$3,296,868)	(\$4,640,041)	(\$4,640,041)
JCP&L																			
Amt. received from Clearinghouse				\$1,489,200	\$961,454	\$1,473,190	\$1,169,087	\$1,340,875	\$1,021,225	\$1,169,354	\$1,219,592	\$1,339,518	\$937,129	\$1,282,114	\$1,055,786	\$1,115,869	\$1,375,458	\$1,416,105	\$18,365,955
USF benefit expenditures				\$864,187	\$922,509	\$793,909	\$901,286	\$774,709	\$883,373	\$965,603	\$835,244	\$991,108	\$906,020	\$906,020	\$906,020	\$906,020	\$906,020	\$906,020	\$13,368,047
Fresh Start expenditures				\$126,925	\$94,748	\$37,583	\$35,156	\$30,088	\$29,678	\$29,106	\$29,494	\$42,926	\$47,033	\$47,033	\$47,033	\$47,033	\$47,033	\$47,033	\$737,902
Administrative costs-postage/mailing *			(1)	\$0	\$0	\$2,975	\$0	\$5,481	\$51	\$51	\$141	\$619	\$3,926	\$1,300	\$18,215	\$1,300	\$1,300	\$1,300	\$36,606
Total program costs-direct utilities				\$991,113	\$1,017,257	\$834,467	\$936,442	\$804,797	\$918,532	\$994,759	\$864,878	\$1,034,652	\$956,979	\$954,353	\$971,268	\$954,353	\$954,353	\$954,353	\$14,142,556
Monthly Under/(Over)recovery				(\$498,088)	\$55,803	(\$638,723)	(\$232,645)	(\$536,078)	(\$102,693)	(\$174,594)	(\$354,714)	(\$304,866)	\$19,850	(\$327,761)	(\$84,518)	(\$161,516)	(\$421,105)	(\$461,752)	(\$4,223,399)
Cumulative Underrecovery excl. interest	Beg.U/R	\$299,491	(\$198,596)	(\$142,793)	(\$781,516)	(\$1,014,161)	(\$1,550,239)	(\$1,652,932)	(\$1,827,526)	(\$2,182,240)	(\$2,487,106)	(\$2,467,256)	(\$2,795,017)	(\$2,879,535)	(\$3,041,051)	(\$3,462,157)	(\$3,923,908)	(\$3,923,908)	
SBC carrying costs			\$89	(\$295)	(\$818)	(\$1,647)	(\$2,455)	(\$3,180)	(\$3,706)	(\$4,598)	(\$5,552)	(\$6,060)	(\$6,408)	(\$6,910)	(\$7,209)	(\$7,919)	\$ (8,994)	(\$65,661)	
	04/01/06	4.9407%																	
Underrecovery and Interest Balance				(\$198,507)	(\$142,999)	(\$782,540)	(\$1,016,831)	(\$1,555,364)	(\$1,661,238)	(\$1,839,538)	(\$2,198,849)	(\$2,509,267)	(\$2,495,477)	(\$2,829,646)	(\$2,921,074)	(\$3,089,799)	(\$3,518,823)	(\$3,989,569)	(\$3,989,569)

Projected Underrecovery by Utility-Electric

		Projected Interest Rate	July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
Atlantic City Electric																		
Amt. received from Clearinghouse			\$1,713,347	\$1,177,352	\$1,847,847	\$1,519,890	\$1,642,093	\$1,625,442	\$1,583,899	\$1,618,731	\$288,784	\$2,264,045	\$216,951	\$1,160,029	\$1,226,045	\$1,511,264	\$1,555,924	\$20,951,644
USF benefit expenditures			\$1,036,481	\$1,069,125	\$991,959	\$981,441	\$1,091,947	\$1,117,069	\$1,135,617	(\$279)	\$2,317,423	(\$376)	\$896,446	\$896,446	\$896,446	\$896,446	\$896,446	\$14,222,637
Fresh Start expenditures			\$162,352	\$206,837	\$89,035	\$165,367	\$189,015	\$119,666	\$184,633	\$186,706	\$180,735	\$161,645	\$150,707	\$150,707	\$150,707	\$150,707	\$150,707	\$2,399,528
Administrative costs-postage/mailing *			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total program costs-direct utilities			\$1,198,833	\$1,275,962	\$1,080,995	\$1,146,808	\$1,280,962	\$1,236,735	\$1,320,250	\$186,427	\$2,498,158	\$161,270	\$1,047,153	\$1,047,153	\$1,047,153	\$1,047,153	\$1,047,153	\$16,622,165
Monthly Under/(Over)recovery			(\$514,515)	\$98,610	(\$766,852)	(\$373,082)	(\$361,131)	(\$388,708)	(\$263,649)	(\$1,432,304)	\$2,209,374	(\$2,102,775)	\$830,202	(\$112,876)	(\$178,892)	(\$464,111)	(\$508,771)	(\$4,329,480)
Cumulative Underrecovery excl. interest	Beg.U/R	\$2,182,462	\$1,667,947	\$1,766,557	\$999,706	\$626,623	\$265,492	(\$123,215)	(\$386,864)	(\$1,819,168)	\$390,206	(\$1,712,569)	(\$882,367)	(\$995,243)	(\$1,174,135)	(\$1,638,246)	(\$2,147,018)	(\$2,147,018)
SBC carrying costs	Beg Bal	\$17,987	\$2,124	\$2,160	\$1,637	\$712	(\$65)	(\$876)	(\$1,535)	(\$3,564)	(\$2,693)	(\$2,701)	(\$3,083)	(\$2,230)	(\$2,577)	(\$3,341)	(\$4,497)	(\$20,528)
	01/01/05	4.82%																
	01/01/06	4.82%																
Underrecovery and Interest Balance			\$1,688,058	\$1,788,829	\$1,023,614	\$651,244	\$290,047	(\$99,536)	(\$364,719)	(\$1,800,587)	\$406,094	(\$1,699,382)	(\$872,263)	(\$987,369)	(\$1,168,838)	(\$1,636,291)	(\$2,149,559)	(\$2,167,546)
RECO																		
Amt. received from Clearinghouse			\$23,391	\$30,101	\$29,226	\$29,153	\$19,439	\$21,981	\$25,253	\$22,815	\$31,600	\$26,237	\$26,234	\$21,602	\$22,831	\$28,143	\$28,974	\$386,982
USF benefit expenditures			\$31,030	\$20,181	\$20,053	\$12,239	\$15,986	\$18,015	\$17,272	\$17,323	\$17,637	\$18,307	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$278,044
Fresh Start expenditures			\$0	\$0	\$683	\$0	\$0	\$1,703	\$1,336	\$3,076	\$413	\$1,194	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$15,905
Administrative costs-postage/mailing			0	0	0	0	43	0	0	41	9	0	9	9	9	9	9	\$139
Total program costs-direct utilities			\$31,030	\$20,181	\$20,736	\$12,239	\$16,030	\$19,718	\$18,608	\$20,441	\$18,059	\$19,501	\$19,509	\$19,509	\$19,509	\$19,509	\$19,509	\$294,088
Monthly Under/(Over)recovery			\$7,639	(\$9,920)	(\$8,491)	(\$16,914)	(\$3,410)	(\$2,264)	(\$6,645)	(\$2,373)	(\$13,541)	(\$6,736)	(\$6,725)	(\$2,093)	(\$3,322)	(\$8,634)	(\$9,465)	(\$92,893)
Cumulative Underrecovery excl. interest	Beg.U/R	\$4,537	\$12,176	\$2,256	(\$6,235)	(\$23,149)	(\$26,559)	(\$28,822)	(\$35,468)	(\$37,841)	(\$51,382)	(\$58,117)	(\$64,843)	(\$66,936)	(\$70,258)	(\$78,891)	(\$88,357)	(\$88,357)
SBC carrying costs	09/01/04	0.76895%	\$5	\$5	(\$6)	(\$44)	(\$74)	(\$82)	(\$96)	(\$109)	(\$133)	(\$163)	(\$183)	(\$196)	(\$204)	(\$222)	(\$249)	(\$1,750)
	09/01/05	3.57%																
Underrecovery and Interest Balance			\$12,181	\$2,266	(\$6,231)	(\$23,189)	(\$26,672)	(\$29,018)	(\$35,759)	(\$38,242)	(\$51,915)	(\$58,814)	(\$65,722)	(\$68,011)	(\$71,537)	(\$80,393)	(\$90,107)	(\$90,107)

Total , Electric Remittances to Clearinghouse based on projected sales May 06 - Sept 06 paid out to Utilities in following month see sheets "Elec Clrh Pmts and " \$ Transfer from the ClrH " .

* Actual administrative costs incurred as of 4/06 not included in above

PSE&G	\$838,537
JCP&L	\$348,253
ACE	\$365,318
RECO	\$ 92,172

(1) The amount in June 2006 includes \$16,915 actual postage and mailing costs from July 2004 through June 2005 that were not reflected in the beginning cumulative balance at July 1, 2005. This amount will be adjusted in the actual cumulative deferred balances in June 2006.

Projected Sales Volumes
Estimates of Normalized Jurisdictional Sales
Units in (000s)

	2006 October	2006 November	2006 December	2007 January	2007 February	2007 March	2007 April	2007 May	2007 June	2007 July	2007 August	2007 September	Total
Gas Therms													
NJNG	40,420	71,326	111,245	127,719	106,179	93,813	56,890	34,629	22,518	21,739	21,610	25,300	733,387
SJG	29,461	40,801	61,183	79,923	82,109	72,031	56,251	36,801	28,931	29,481	26,471	24,741	568,182
PSE&G	141,959	224,807	373,307	506,037	483,068	411,376	292,005	200,996	130,138	118,314	106,835	116,942	3,105,784
ETG	33,641	49,678	70,369	86,943	86,751	77,367	56,891	40,376	34,050	31,994	31,383	28,995	628,439
Total	245,480	386,612	616,104	800,623	758,107	654,586	462,036	312,802	215,637	201,528	186,299	195,978	5,035,792
Electric MWH													
PSE&G	3,383,004	3,288,485	3,600,520	3,796,193	3,597,495	3,524,821	3,271,871	3,251,005	3,607,096	4,323,484	4,417,233	4,121,326	44,182,533
JCP&L	1,777,006	1,643,510	1,767,566	2,096,447	2,006,219	1,721,155	1,706,174	1,648,090	1,774,372	2,169,954	2,494,693	2,145,789	22,950,975
ACE	809,767	700,977	787,117	881,015	785,527	788,163	717,684	789,952	907,855	1,164,559	1,167,930	890,148	10,390,694
RECO	123,339	121,983	138,553	141,856	123,315	129,211	114,820	130,644	154,183	175,019	171,531	134,537	1,658,991
Total	6,093,116	5,754,955	6,293,756	6,915,511	6,512,556	6,163,350	5,810,549	5,819,691	6,443,506	7,833,016	8,251,387	7,291,800	79,183,193

Recoveries Paid to Clearinghouse - Gas

	July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
In summary																
Recoveries Paid to Clearinghouse	\$1,867,214	\$1,833,480	\$1,771,449	\$1,914,566	\$3,111,517	\$5,545,789	\$6,026,210	\$5,586,013	\$5,491,233	\$3,328,692	\$2,695,925	\$1,886,250	\$1,743,231	\$1,624,274	\$1,692,681	\$46,118,523

By Company

NJNG

jurisdictional volumes	20,947,553	21,616,201	19,729,566	36,265,901	58,243,570	110,041,977	92,981,411	97,078,612	78,168,297	40,362,909	33,892,144	22,076,172	21,329,934	21,178,598	24,763,933	
pre-tax USF rate only	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880
USF recoveries	\$184,338	\$190,223	\$173,620	\$319,140	\$512,543	\$968,369	\$818,236	\$854,292	\$687,881	\$355,194	\$298,251	\$194,270	\$187,703	\$186,372	\$217,923	

SJG

jurisdictional volumes	27,059,265	27,281,919	20,824,965	22,385,598	34,644,519	60,896,426	72,013,015	66,299,610	71,520,732	45,905,050	34,280,850	29,240,500	29,720,850	27,180,850	22,740,500	
pre-tax USF rate only	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880
USF recoveries	\$238,122	\$240,081	\$183,260	\$196,993	\$304,872	\$535,889	\$633,715	\$583,437	\$629,382	\$403,964	\$301,671	\$257,316	\$261,543	\$239,191	\$200,116	

PSE&G-gas

jurisdictional volumes	127,297,040	122,049,517	130,392,867	128,635,123	216,693,136	386,865,199	443,179,247	398,200,910	402,690,870	244,046,263	197,647,000	128,649,000	116,021,000	105,144,000	116,038,000	
pre-tax USF rate only	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880
USF recoveries	\$1,120,214	\$1,074,036	\$1,147,457	\$1,131,989	\$1,906,900	\$3,404,414	\$3,899,977	\$3,504,168	\$3,543,680	\$2,147,607	\$1,739,294	\$1,132,111	\$1,020,985	\$925,267	\$1,021,134	

ETG

jurisdictional volumes	36,879,569	37,402,313	30,353,585	30,277,746	44,000,259	72,399,730	76,622,911	73,195,116	71,623,855	47,946,219	40,535,063	34,380,921	31,022,631	31,073,099	28,807,667	
pre-tax USF rate only	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880	0.00880
USF recoveries	\$324,540	\$329,140	\$267,112	\$266,444	\$387,202	\$637,118	\$674,282	\$644,117	\$630,290	\$421,927	\$356,709	\$302,552	\$272,999	\$273,443	\$253,507	

Recoveries Paid to Clearinghouse - Electric

	July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
In summary																
Recoveries Paid to Clearinghouse	\$7,040,901	\$7,576,982	\$6,964,919	\$5,732,153	\$5,086,275	\$5,741,776	\$5,861,100	\$5,400,158	\$5,426,133	\$5,180,861	\$5,006,901	\$5,584,545	\$6,883,700	\$7,087,122	\$6,589,750	\$91,163,277
By Company																
<u>PSE&G- electric</u>																
jurisdictional volumes	4,450,087,301	4,671,707,503	4,380,749,217	3,637,503,007	3,276,127,498	3,633,637,833	3,717,139,092	3,419,719,339	3,449,465,479	3,397,270,951	3,226,487,000	3,578,359,000	4,282,314,000	4,375,009,000	4,081,172,000	
pre-taxUSF rate only	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892
USF recoveries	\$3,969,478	\$4,167,163	\$3,907,628	\$3,244,653	\$2,922,306	\$3,241,205	\$3,315,688	\$3,050,390	\$3,076,923	\$3,030,366	\$2,878,026	\$3,191,896	\$3,819,824	\$3,902,508	\$3,640,405	
<u>JCP&L</u>																
jurisdictional volumes	2,238,896,426	2,468,146,143	2,176,535,780	1,787,940,525	1,592,510,915	1,865,007,163	1,862,466,003	1,733,550,993	1,711,286,457	1,592,321,623	1,556,382,000	1,738,738,000	2,231,401,000	2,278,375,000	2,134,950,000	
pre-taxUSF rate only	\$0.000892	\$0.000892	\$0.000892	\$0.000892	\$0.000892	\$0.000892	\$0.000892	\$0.000892	\$0.000892	\$0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892
USF recoveries	\$1,997,977	\$2,201,492	\$1,941,543	\$1,595,107	\$1,420,916	\$1,663,535	\$1,661,767	\$1,545,838	\$1,526,989	\$1,420,765	\$1,388,293	\$1,550,954	\$1,990,410	\$2,032,311	\$1,904,375	
<u>Atlantic City Electric</u>																
jurisdictional volumes	1,026,668,300	1,171,450,540	1,076,748,474	860,041,998	710,561,967	802,011,250	846,477,532	775,228,995	798,036,631	704,068,535	700,885,000	790,332,000	1,033,716,000	1,124,750,000	1,039,785,000	
pre-taxUSF rate only	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892
USF recoveries	\$915,788	\$1,044,934	\$960,460	\$767,157	\$633,821	\$715,394	\$755,058	\$691,504	\$711,849	\$628,029	\$625,189	\$704,976	\$922,075	\$1,003,277	\$927,488	
<u>RECO</u>																
jurisdictional volumes	176,746,566	183,176,683	174,089,506	140,398,347	122,457,628	136,369,887	144,156,396	126,038,048	123,736,099	114,014,774	129,364,000	153,272,000	169,721,000	167,070,000	131,705,000	
pre-taxUSF rate only	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892	0.000892
USF recoveries	\$157,658	\$163,394	\$155,288	\$125,235	\$109,232	\$121,642	\$128,588	\$112,426	\$110,373	\$101,701	\$115,393	\$136,719	\$151,391	\$149,026	\$117,481	

\$ TRANSFER FROM THE CLEARINGHOUSE

	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate
Gas					
NJNG	\$582,664	\$317,824	\$211,635	\$196,489	\$184,033
SJG	\$813,445	\$358,235	\$209,311	186307.1268	\$166,043
PSE&G	\$1,645,943	\$1,806,658	\$1,323,332	\$1,228,624	\$1,150,742
ETG	\$286,640	\$213,208	\$141,972	\$131,811	\$123,456
	\$3,328,692	\$2,695,925	\$1,886,250	\$1,743,231	\$1,624,274
Electric					
PSE&G	\$3,655,561	\$2,769,484	\$3,219,800	\$3,968,834	\$4,086,119
JCP&L	\$1,282,114	\$1,055,786	\$1,115,869	\$1,375,458	\$1,416,105
Conectiv	\$216,951	\$1,160,029	\$1,226,045	\$1,511,264	\$1,555,924
RECO	\$26,234	\$21,602	\$22,831	\$28,143	\$28,974
	\$5,180,861	\$5,006,901	\$5,584,545	\$6,883,700	\$7,087,122
Total All	\$8,509,553	\$7,702,826	\$7,470,795	\$8,626,930	\$8,711,396

Calculation of \$ transfer from clearinghouse to the utilities *

	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate
<u>\$ Paid to the Clearinghouse</u>					
Gas					
NJNG	\$355,194	\$298,251	\$194,270	\$187,703	\$186,372
SJG	\$403,964	\$301,671	\$257,316	\$261,543	\$239,191
PSE&G	\$2,147,607	\$1,739,294	\$1,132,111	\$1,020,985	\$925,267
ETG	\$421,927	\$356,709	\$302,552	\$272,999	\$273,443
Total Gas	\$3,328,692	\$2,695,925	\$1,886,250	\$1,743,231	\$1,624,274
Electric					
PSE&G	\$3,030,366	\$2,878,026	\$3,191,896	\$3,819,824	\$3,902,508
JCP&L	\$1,420,765	\$1,388,293	\$1,550,954	\$1,990,410	\$2,032,311
Conectiv	\$628,029	\$625,189	\$704,976	\$922,075	\$1,003,277
RECO	\$101,701	\$115,393	\$136,719	\$151,391	\$149,026
Total Electric	\$5,180,861	\$5,006,901	\$5,584,545	\$6,883,700	\$7,087,122
Total All	\$8,509,553	\$7,702,826	\$7,470,795	\$8,626,930	\$8,711,396

Utility USF and FSP credits

Gas					
NJNG	\$1,217,418	\$646,500	\$646,500	\$646,500	\$646,500
SJG	\$1,699,613	\$728,700	\$639,400	\$613,000	\$583,300
PSE&G	\$3,439,036	\$3,675,000	\$4,042,500	\$4,042,500	\$4,042,500
ETG	\$598,905	\$433,695	\$433,695	\$433,695	\$433,695
Total Gas	\$6,954,972	\$5,483,895	\$5,762,095	\$5,735,695	\$5,705,995
Electric					
PSE&G	\$2,717,343	\$2,500,000	\$2,750,000	\$2,750,000	\$2,750,000
JCP&L	\$953,053	\$953,053	\$953,053	\$953,053	\$953,053
Conectiv	\$161,270	\$1,047,153	\$1,047,153	\$1,047,153	\$1,047,153
RECO	\$19,501	\$19,500	\$19,500	\$19,500	\$19,500
Total Electric	\$3,851,167	\$4,519,706	\$4,769,706	\$4,769,706	\$4,769,706
Total All	\$10,806,139	\$10,003,601	\$10,531,801	\$10,505,401	\$10,475,701

* Based on utilities monthly payments to the clearinghouse and corresponding USF and FSP credits.

DOLLARS TRANSFERED FROM THE CLEARINGHOUSE

ADMINISTRATIVE COSTS postage and mailing

	July 2005 actual	August 2005 actual	September 2005 actual	October 2005 actual	November 2005 actual	December 2005 actual	January 2006 actual	February 2006 actual	March 2006 actual	April 2006 actual	May 2006 estimate	June 2006 estimate	July 2006 estimate	August 2006 estimate	September 2006 estimate	Total
ACE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
JCP&L (1)	0	0	2,975	0	0	5,481	51	141	619	3,926	1,300	18,215	1,300	1,300	1,300	\$36,606
PSE&G-E	2,471	2,079	1,260	5,185	3,866	410	873	3,813	2,672	1,608	1,200	2,100	2,100	2,100	2,100	\$33,837
RECO	0	0	0	0	43	0	0	41	9	0	9	9	9	9	9	\$139
subtotal	\$2,471	\$2,079	\$4,235	\$5,185	\$3,909	\$5,891	\$924	\$3,995	\$3,299	\$5,534	\$2,509	\$20,324	\$3,409	\$3,409	\$3,409	\$70,582
ETG	\$490	\$462	\$0	\$209	\$325	\$382	\$1,001	\$275	\$1,202	\$0	\$435	\$435	\$435	\$435	\$435	\$6,519
NJNG	3,951	2,021	2,429	1,727	1,004	751	474	569	742	383	\$565	\$565	\$565	\$565	\$565	\$16,875
PSE&G-G	3,413	2,872	1,741	7,160	5,339	566	1,205	5,265	3,689	2,221	3,300	3,300	3,300	3,300	3,300	\$49,971
SJG	\$2,209	\$1,227	\$1,001	\$1,267	\$393	\$391	\$717	\$553	\$643	\$746	750	750	750	750	750	\$12,896
subtotal	\$10,063	\$6,582	\$5,171	\$10,363	\$7,061	\$2,090	\$3,397	\$6,662	\$6,276	\$3,350	\$5,049	\$5,049	\$5,049	\$5,049	\$5,049	\$86,261
TOTAL E&G	\$12,534	\$8,661	\$9,405	\$15,548	\$10,970	\$7,981	\$4,321	\$10,657	\$9,575	\$8,884	\$7,558	\$25,373	\$8,458	\$8,458	\$8,458	\$156,843

(1) The amount in June 2006 includes \$16,915 actual postage and mailing costs from July 2004 through June 2005 that were not reflected in the beginning cumulative balance at July 1, 2005. This amount will be adjusted in the actual cumulative deferred balances in June 2006.

PSE&G actual administrative costs not included above are electric \$838,537 and gas \$687,567.

JCP&L actual cumulative administrative costs not included above are \$348,253.

ACE's actual administrative costs not included above are \$365,318.

RECO's actual administrative costs not included above are \$92,172.

**NOTICE TO PUBLIC SERVICE ELECTRIC
AND GAS COMPANY CUSTOMERS**

**Notice of a Filing
and Notice of Public Hearings**

**In the Matter of the 2006/2007 Annual Compliance Filing
for an Increase in the Statewide Electric and Gas
Permanent Universal Service Fund Program Factors
within the Electric and Gas Societal Benefits Charges Rates
Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:21.1**

Docket No. EX00020091

TAKE NOTICE that, on June 30, 2006, Public Service Electric and Gas Company (“Public Service”, “the Company”) filed a Motion and supporting documentation for changes in the Universal Service Fund (USF) and Lifeline components of the electric and gas Societal Benefits Program (SBC). This requested increase in gas USF/Lifeline components and decrease in electric USF/Lifeline components is made pursuant to the New Jersey Board of Public Utilities’ (Board, BPU) Orders and includes the recovery of funding for the USF Program through uniform statewide rates. The USF Program was established by the Board, pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49, *et seq.* (EDECA), to provide funds to assist qualifying low-income individuals in paying their energy bills.

As administrator, the State of New Jersey’s Department of Human Services (DHS) authorizes the disbursement of benefits to eligible customers. Based upon the available estimates known to date for the 2006-2007 USF Program year, it is anticipated that the USF rate should be set to collect \$156.4 million, on a statewide basis and that the Lifeline rate should be set to collect \$72.0 million, on a statewide basis.

The Board in its June 22, 2005 Universal Service Fund Order directed that filing requirements for rate setting, including notice and public hearings should be made by July 1, 2006, with tariffs to be filed effective October 1, 2006. In accordance with that Order, the Company made a filing with the Board on June 30, 2006, requesting to change its current USF/Lifeline Program charges, as described below, to become effective on October 1, 2006.

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The proposed charges for customers are as follows:

Universal Service/Lifeline Fund Components of Societal Benefits Charge				
	Present	Present (Incl. SUT)	Proposed	Proposed (Incl. SUT)
USF-Electric per kWhr	0.0892¢	0.0946¢	0.0601¢	0.0637¢
USF-Gas per therm	0.88¢	0.93¢	2.16¢	2.29¢
Lifeline-Electric per kWhr	0.0670¢	0.0710¢	0.0636¢	0.0674¢
Lifeline-Gas per therm	0.41¢	0.43¢	0.43¢	0.46¢

The above requests will not result in any profit to Public Service. The revenues received under the proposed USF and Lifeline Program factors are designed to permit Public Service to recover its costs. Actual program costs will be reconciled with the revenues received through the USF and Lifeline program charge in the next scheduled annual USF and Lifeline filing to be made on or before July 1, 2007.

The effect of the proposed changes in the gas USF/Lifeline Program charge on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Increase Would Be:	And Your Percent Increase Would Be:
214	25	\$40.88	\$41.22	\$0.34	0.83
428	50	75.94	76.63	0.69	0.91
626	100	148.96	150.34	1.38	0.93
1,200	192	280.71	283.35	2.64	0.94
1,252	200	292.11	294.87	2.76	0.94
1,878	300	435.28	439.42	4.14	0.95

- (1) Based upon current Commodity Charges and Delivery Rates in effect June 1, 2006 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes change in USF/Lifeline.

Under the Company's proposal, a typical residential heating customer using 100 therms per month during the winter months and 626 therms on an annual basis would see an increase in the annual bill from \$953.08 to \$961.70, or approximately \$8.62 or 0.90%. Moreover, under the Company's proposal, a typical residential heating customer using 200 therms per month during the winter months and 1,252 therms on an annual basis

ATTACHMENT B

would see an increase in the annual bill from \$1,836.58 to \$1,853.82, or approximately \$17.24 or 0.94%.

The effect of the proposed changes in the electric USF/Lifeline Program charge on typical residential electric bills, if approved by the Board, is illustrated below:

Residential Electric Service					
If Your Annual kWh Use Is:	And Your Monthly Summer kWh Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Increase Would Be:	And Your Percent Increase Would Be:
1,800	170	\$26.23	\$26.18	(\$0.05)	(0.19)
3,600	360	52.87	52.74	(0.13)	(0.25)
6,960	722	105.21	104.96	(0.25)	(0.24)
7,800	803	117.64	117.36	(0.28)	(0.24)
12,000	1,250	186.25	185.82	(0.43)	(0.23)

- (1) Based upon current Basic Generation Service Fixed Pricing (BGS-FP) and Delivery Rates in effect June 1, 2006 and assumes that the customer receives BGS-FP service from Public Service.
(2) Same as (1) except includes change in USF/Lifeline.

Based upon this filing, a typical residential electric customer using 722 kilowatthours per summer month and 6,960 kilowatthours on an annual basis would see a decrease in the annual bill from \$979.64 to \$977.28, or approximately \$2.36 or 0.24%.

Actual results regarding USF expenditures and recoveries could be significantly affected by program changes, participation rates, and/or jurisdictional throughput. If changed circumstances indicate that, an increase of \$5 million or more to the natural gas statewide budget or the electric statewide budget of \$5 million or more, would be necessary to avoid developing an underrecovery at the end of the recovery year, Public Service respectfully requests the authority to initiate a self-implementing increase in the applicable USF program factor to recover the additional costs. Such increase would only be done upon providing ten (10) days notice to the Board and the Division of the Ratepayer Advocate and would be coordinated with the other utilities in order to maintain a statewide rate. Any such increases would be included in the reconciliation in the Company's next scheduled annual USF Compliance Filing to be made on or before July 1, 2007.

Notice is hereby provided that for every \$5 million increase over the 2006-2007 USF gas statewide budget or the 2006-2007 USF electric statewide budget, the Company's bills to residential gas and electric customers would be increased by approximately 0.07% for a residential gas customer using 200 therms each winter month and 1,252 therms annually and approximately 0.05% for a residential electric customer using 722 kilowatthours each summer month and 6,960 kilowatthours annually above those shown above.

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Any final rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of this filing may be modified and/or allocated by the Board in accordance with the provisions of *N.J.S.A.* 48:3-4 and for other good and legally sufficient reasons. Therefore, the above described charges may increase or decrease based upon the Board's decision.

Copies of the Company's June 30, 2006 filing are available for review at the Company's Customer Service Centers, at the Board of Public Utilities, Two Gateway Center, Newark, New Jersey or online at the PSEG Web site at www.pseg.com.

The following dates, times and locations for public hearings have been scheduled on the above filing so that members of the public may present their views.

Date 1, 2006	Date 2, 2006	Date 3, 2006
Time 1.	Time 2	Time 3
Location 1	Location 2	Location 3
Street Address 1	Street Address 2	Street Address 3
City 1, New Jersey ZIP 1	City 2, New Jersey Zip 2	City 3, New Jersey Zip 3
Date 4, 2006	Date 5, 2006	Date 6, 2006
Time 4.	Time 5	Time 6
Location 4	Location 5	Location 6
Street Address 4	Street Address 5	Street Address 6
City 4, New Jersey ZIP 4	City 5, New Jersey Zip 5	City 6, New Jersey Zip 6

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings. Customers may file written comments with the Secretary of the Board of Public Utilities at Two Gateway Center, Newark, New Jersey 07102 ATTN: Kristi Izzo whether or not they attend the public hearings.

Andrew K. Dembia, Esq.
Assistant Corporate Rate Counsel

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXXX Revised Sheet No. 38

B.P.U.N.J. No. 13 GAS

Superseding

XXXX Revised Sheet No. 38

SOCIETAL BENEFITS CHARGE

**CHARGE APPLICABLE TO
RATE SCHEDULES RSG, GSG, LVG, SLG,
TSG-F, TSG-NF, CIG
(Per Therm)**

Social Programs.....	0.0000 ¢
Energy Efficiency and Renewables Programs.....	1.2824 ¢
Manufactured Gas Plant Remediation.....	0.5973 ¢
Consumer Education	0.0000 ¢
Universal Service Fund - Interim	0.2091 ¢
Universal Service Fund - Permanent	2.1600 ¢
Universal Service Fund - Lifeline.....	<u>0.4300 ¢</u>
Societal Benefits Charge	4.6788 ¢
Societal Benefits Charge including New Jersey Sales and Use Tax (SUT).....	<u>4.9595 ¢</u>

Societal Benefits Charge

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under-over recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation.

Date of Issue:

Issued by FRANCIS E. DELANY, Jr., Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

Effective:

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

XXXX Revised Sheet No. 57

Superseding

B.P.U.N.J. No. 14 ELECTRIC

XXXX Revised Sheet No. 57

SOCIETAL BENEFITS CHARGE

Cost Recovery
(cents per kilowatthour)

Component:

Social Programs.....	0.0311
Nuclear Decommissioning Funding Requirements	(0.0182)
Energy Efficiency and Renewable Energy Programs	0.3063
Manufactured Gas Plant Remediation.....	0.0366
Consumer Education	0.0166
Universal Service Fund (USF) Interim.....	0.0016
Market Transition Charge over-collection.....	(0.2337)
Sub-total per kilowatthour.....	0.1403

Charge including losses, USF and Lifeline:

		Sub-total Including			Total
		Losses	USF	Lifeline	Charge
Secondary Service	(Loss Factor = 7.5377%)	0.1517	0.0601	0.0636	0.2754
LPL Primary	(Loss Factor = 5.1232%)	0.1479	0.0601	0.0636	0.2716
HTS Subtransmission	(Loss Factor = 2.9402%)	0.1446	0.0601	0.0636	0.2683
HTS High Voltage	(Loss Factor = 1.4590%)	0.1424	0.0601	0.0636	0.2661

Charges including New Jersey Sales and Use Tax (SUT)

Secondary Service.....	0.2919
LPL Primary.....	0.2879
HTS Subtransmission	0.2844
HTS High Voltage.....	0.2821

SOCIETAL BENEFITS CHARGE

This mechanism is designed to insure recovery of costs associated with activities that are required to be accomplished to achieve specific public policy determinations mandated by Government. Actual costs incurred by the Company for each of these cost components will be subject to deferred accounting. Interest at the two-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for all components other than Manufactured Gas Plant Remediation. Interest at the seven-year constant maturity treasury rate plus 60 basis points will be accrued monthly on any under- or over-recovered balances for the Manufactured Gas Plant Remediation. These interest rates shall change each August 1.

Date of Issue:

Effective:

Issued by FRANCIS E. DELANY, Jr., Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

TYPICAL RESIDENTIAL GAS BILL IMPACTS

The effect of the proposed changes in the gas USF/Lifeline Program charge on typical residential gas bills, if approved by the Board, is illustrated below:

Residential Gas Service – Monthly Winter Comparison					
If Your Annual Therm Use Is:	And Your Monthly Winter Therm Use Is:	Then Your Present Monthly Winter Bill (1) Would Be:	And Your Proposed Monthly Winter Bill (2) Would Be:	Your Increase Would Be:	And Your Percent Increase Would Be:
214	25	\$40.88	\$41.22	\$0.34	0.83
428	50	75.94	76.63	0.69	0.91
626	100	148.96	150.34	1.38	0.93
1,200	192	280.71	283.35	2.64	0.94
1,252	200	292.11	294.87	2.76	0.94
1,878	300	435.28	439.42	4.14	0.95

Residential Gas Service – Annual Comparison					
If Your Monthly Winter Therm Use Is:	And Your Annual Therm Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Increase Would Be:	And Your Percent Increase Would Be:
100	626	\$953.08	\$961.70	\$8.62	0.90
200	1,252	1,836.58	1,853.82	17.24	0.94

- (1) Based upon current Commodity Charges and Delivery Rates in effect June 1, 2006 and assumes that the customer receives commodity service from Public Service.
- (2) Same as (1) except includes change in USF/Lifeline.

TYPICAL RESIDENTIAL ELECTRIC BILL IMPACTS

The effect of the proposed changes in the electric USF/Lifeline Program charge on typical residential electric bills, if approved by the Board, is illustrated below:

Residential Electric Service – Monthly Summer Comparison					
If Your Annual kWh Use Is:	And Your Monthly Summer kWh Use Is:	Then Your Present Monthly Summer Bill (1) Would Be:	And Your Proposed Monthly Summer Bill (2) Would Be:	Your Increase Would Be:	And Your Percent Increase Would Be:
1,800	170	\$26.23	\$26.18	(\$0.05)	(0.19)
3,600	360	52.87	52.74	(0.13)	(0.25)
6,960	722	105.21	104.96	(0.25)	(0.24)
7,800	803	117.64	117.36	(0.28)	(0.24)
12,000	1,250	186.25	185.82	(0.43)	(0.23)

Residential Electric Service – Annual Comparison					
If Your Monthly Summer kWh Use Is:	And Your Annual kWh Use Is:	Then Your Present Annual Bill (1) Would Be:	And Your Proposed Annual Bill (2) Would Be:	Your Increase Would Be:	And Your Percent Increase Would Be:
722	6,960	\$979.64	\$977.28	(\$2.36)	(0.24)

- (1) Based upon current Basic Generation Service Fixed Pricing (BGS-FP) and Delivery Rates in effect June 1, 2006 and assumes that the customer receives BGS-FP service from Public Service.
- (2) Same as (1) except includes change in USF/Lifeline.